

Iowa Department of Human Services

Offer #401-HHS-004: CHIP (Children's Health Insurance Program) – Healthy and Well Kids in Iowa (*hawk-i*), *hawk-i* Dental-only Plan and Medicaid Expansion

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This offer includes the following appropriations:

CHIP, Field Operations, Medical Assistance and General Administration

Program Description:

This offer, in combination with the Department's Medical Assistance (Medicaid) Offer (401-HHS-003), supports the Governor and State Legislature's shared goal that all children in the State have health and dental coverage that meet standards of quality and affordability. These offers support initiatives to increase the enrollment of eligible children in health and dental care programs administered by the Department of Human Services.

The Children's Health Insurance Program (CHIP) and the Medicaid program are the Department's primary programs to ensure that all children in the State have health and dental care coverage. The CHIP program is administered under Title XXI of the Social Security Act and covers a comprehensive range of health and dental services for Iowa's children who meet the program's eligibility criteria. Under Title XXI, states have flexibility in how they operate their programs. Iowa's CHIP program includes a Medicaid expansion, a separate program called Healthy and Well Kids in Iowa (*hawk-i*), and the *hawk-i* Dental-only plan (described below). The purpose of CHIP is to increase the number of children with health and dental care coverage thereby improving their health and dental outcomes.

This offer includes the Medicaid expansion, *hawk-i* program, *hawk-i* Dental-only plan and the costs necessary to administer the program and deliver the health and dental care benefits.

The Affordable Health Care Act signed into law on March 23, 2010, continues CHIP programs through September 30, 2019. The new law prohibits states from reducing their current eligibility standards until this date. The Affordable Health Care Act was signed into law on the coattails of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA). Under CHIPRA, funding for the program is provided through September 30, 2015, two years beyond its original expiration date.

The key characteristics of Iowa's CHIP program are as follows:

- CHIP is a Federal program operated by the State. The program is financed with State and Federal funds. The Federal matching rate is 73.84% for FFY 2011 and it is estimated that the Federal matching rate for FFY 2012 will be 72.94%. This means that the CHIP programs receive approximately a 3 to 1 match rate.

- CHIP was enacted to cover uninsured children whose family income is above the income limits for Medicaid. As noted above, Iowa's CHIP program has three components:
 - Medicaid Expansion - Provides health and dental services to qualified children through the State's Medicaid program, but at the enhanced federal matching rate. The children covered have incomes that are higher than regular Medicaid but lower than the *hawk-i* program.
 - *hawk-i* – Children are covered through contracts with commercial managed care health and dental plans to deliver a full array of health and dental services to qualified children. The *hawk-i* program covers prevention care (immunizations), primary care, hospital and emergency care, chiropractic care, vision, skilled nursing care, dental care, and behavioral care including substance abuse and mental health treatment. The coverage package is similar to a comprehensive commercial health insurance plan. The children covered are those with incomes higher than the Medicaid expansion program, and below 300% of the Federal Poverty Level (FPL).
 - hawk-i Dental-only plan- Iowa's Senate File 389 requires the implementation of a new Federal option to expand *hawk-i* benefits. On March 1, 2010, the *hawk-i* Dental-only plan was implemented and provides a dental-only benefit to supplement other coverage the family may have.

In SFY 2012 the CHIP programs will cover a total of 59,132 children and have a total budget of \$127,304,988 which includes \$32,920,351 from the General Fund, \$1,400,000 from the *hawk-i* Trust Fund, \$12,571 from county funds for local county expenditures and \$92,805,466 in Federal funds.

There is also \$166,600 from the Medicaid appropriation for outreach activities.

Who:

Medicaid Expansion

15,153 children were enrolled in Medicaid expansion as of June 30, 2010. The Medicaid expansion provides coverage to children who are:

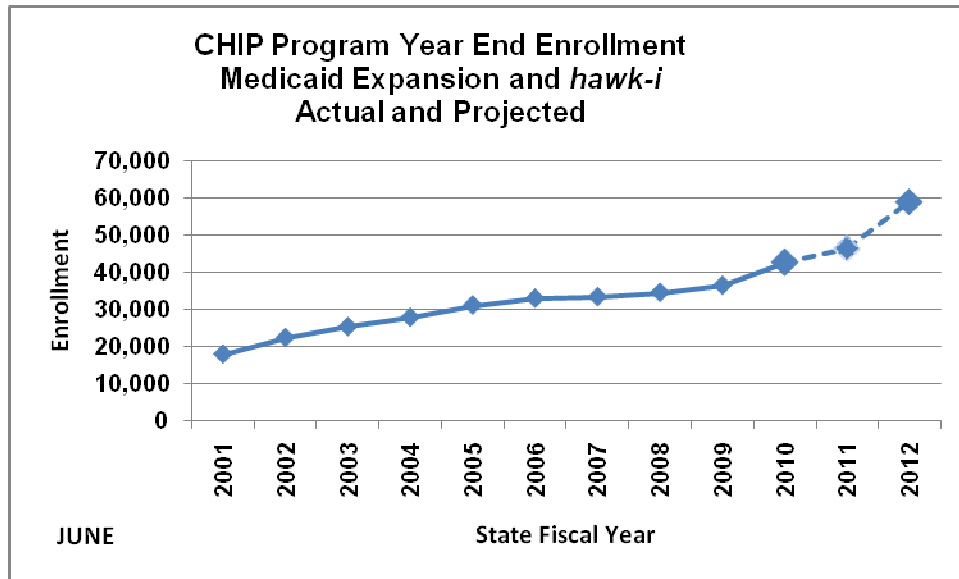
- Age 6 through 18 whose family income is between 100% – 133% of the FPL
- Infants whose family income is between 185% – 300% of the FPL
- U.S. citizens or lawfully residing children
- Children and infants determined presumptively eligible by qualified entities

hawk-i Program

27,573 children were enrolled in the *hawk-i* program as of June 30, 2010. (Note: The final enrollment number is not available until September 2010.) The *hawk-i* program provides health and dental coverage to children whose families have too much income to qualify for Medicaid but who do not have health care coverage. Eligible children:

- Are under age 19
- Are uninsured and do not qualify for Medicaid
- Are U.S. citizens or lawfully residing children
- Live in a family whose countable income does not exceed 300% of the FPL for a family of four (the maximum annual income is approximately \$66,150)
- Effective June 30, 2009, Iowa's income limits were increased for Medicaid expansion infants and *hawk-i* children (ages 1 through 18) from 200% to 300% of the FPL. As of June 30, 2010, 4,206 children in the expanded income group have been enrolled.

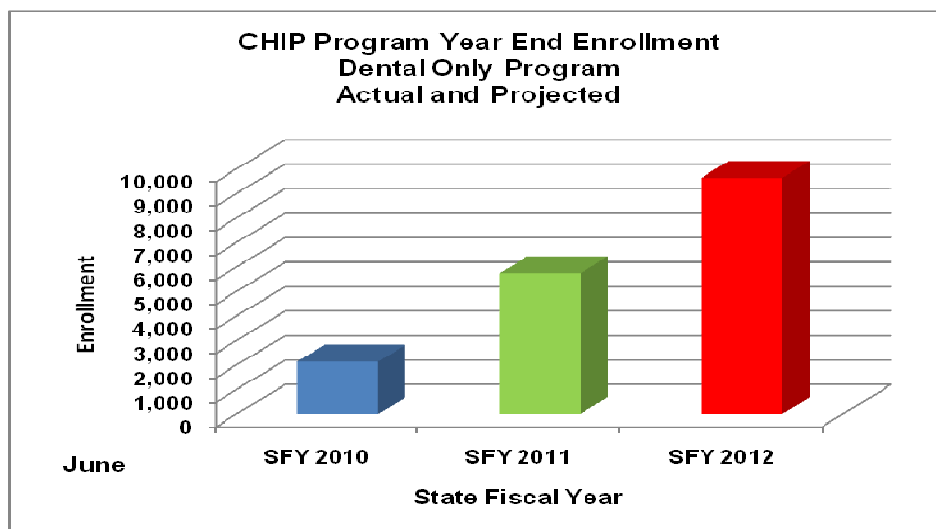
The following chart shows the growth in the Iowa CHIP program (both Medicaid expansion and *hawk-i* programs) since 2001.



***hawk-i* Dental-Only Plan**

2,144 children are projected to be enrolled in the *hawk-i* Dental-only plan as of June 30, 2010. (Note: The final enrollment number is not available until September 2010.) The *hawk-i* Dental-only plan provides dental coverage to children whose families have too much income to qualify for Medicaid. Unlike the *hawk-i* program children who have health or dental coverage may qualify. Eligible children:

- Are under age 19
- Do not qualify for Medicaid
- May have other health or dental coverage
- Are U.S. citizens or lawfully residing children
- Live in a family whose countable income does not exceed 300% of FPL for a family of four (the maximum annual income is approximately \$66,150)
- Unlike *hawk-i* health coverage, which requires children to be uninsured at the time of enrollment, the *hawk-i* Dental-only plan allows children to be covered even if the child is covered by another health or dental plan. Medically necessary orthodontia benefits have also been added to *hawk-i* dental benefits. As of June 30, 2010, 2,144 children have been enrolled in the *hawk-i* Dental-only plan.



What:

The Department's CHIP program provides coverage to children under three programs:

Medicaid Expansion Program

Children covered by Medicaid expansion receive the same services as any other child eligible for Medicaid services.

Children eligible for the Medicaid expansion can participate in a qualified employer-sponsored health plan through the Health Insurance Premium Payment (HIPP) Program if the employer-sponsored plan is cost effective. Cost effective means that the Department has determined that it will cost the State less public funds to pay the premium for employer-based health insurance than it would to pay for the cost of medical services through the Medicaid program.

hawk-i Program

Children covered by *hawk-i* receive a comprehensive package of health and dental care benefits that include coverage for physician services, hospitalization, prescription drugs, immunizations, dental, mental health services, limited pre-approved orthodontia coverage, vision care and more. Children covered by an individual or group health plan are not eligible for the *hawk-i* program.

hawk-i Dental-Only Plan

The Department expanded the *hawk-i* program by adding the *hawk-i* Dental-only plan beginning March 1, 2010. Children covered by an individual or group health plan or dental plan can and still qualify for the *hawk-i* Dental-only plan. In this situation, the *hawk-i* Dental-only plan becomes a secondary payer. The *hawk-i* Dental-only plan provides the same dental coverage to children covered in the *hawk-i* program including limited pre-approved medically necessary orthodontia care.

How:

Iowa has historically been among the top five states with the lowest uninsured rate among children even though employer-sponsored health insurance coverage continues to decline. Enrollment growth in Iowa's CHIP program has been instrumental in providing coverage to thousands of uninsured children since 1998. The Department has partnered with the Governor, State Legislature, and advocacy groups to simplify and expand eligibility resulting in more children receiving health and

dental coverage. Multiple State agencies and advocacy groups continue to do outreach to Iowa's families, make referrals and enroll uninsured children in the CHIP and Medicaid programs.

Service Delivery:

Medicaid Expansion Program

The Iowa Medicaid expansion program was implemented in 1998 as the first step in expanding coverage to uninsured children allowed under the CHIP legislation. Key components of the program are:

- Children covered by Medicaid expansion receive covered services through existing Medicaid provider networks. Although these children receive Medicaid covered services through Medicaid providers, this activity receives enhanced Federal funding through Title XXI, rather than Title XIX.
- State expenditures for the Medicaid expansion component of the CHIP program are matched approximately 3:1 by Federal funds.

***hawk-i* Program**

The ***hawk-i*** program was implemented in 1999 as the second step in expanding coverage to uninsured children allowed under CHIP. The ***hawk-i*** program is designed as a commercial health and dental care model. Participating plans include: Wellmark Health Plan of Iowa (WHPI), United Healthcare, and Delta Dental of Iowa. Children in the ***hawk-i*** program receive covered services through providers contracted with the participating health and dental plans. The health and dental plans provide insurance cards that are presented to the provider when obtaining services and the plans process all claims.

The administrative functions of the ***hawk-i*** program are handled through a contractual arrangement with a third party administrator (TPA). The TPA is responsible for:

- All aspects of application processing and eligibility determination.
- Customer service, assistance with the application process, answering the public's questions.
- Management information systems that provide automated eligibility and information storage, tracking and reporting, as well as technical support for computer equipment.
- Billing and collecting premiums and notifying the health and dental plans of enrollment.
- State staff provide policy clarifications, contract management, eligibility training and general oversight.

Federal law requires that all children applying for the ***hawk-i*** program be screened for Medicaid eligibility. If a child appears eligible for Medicaid, the application is electronically referred to the Medicaid eligibility workers who are co-located with the Department's ***hawk-i*** TPA for processing. Federal law also requires that children not have other health insurance coverage.

Monthly premiums for health and dental coverage are assessed based on family income. In SFY 2012 it is projected that approximately \$3.8 million in premiums will be collected. Premiums are charged based on family income as follows:

- 150% and 200% FPL = \$10 per child/maximum \$20 per family
- 201% and 300% FPL = \$20 per child/maximum \$40 per family

***hawk-i* Dental-Only Plan**

The ***hawk-i*** Dental-only plan was implemented on March 1, 2010. As with the full coverage ***hawk-i*** program the administrative functions of the Dental-only plan are handled through a contractual

arrangement with a third party administrator (TPA). Children receive covered services through providers contracted with a participating dental plan. Currently there is only one dental plan (Delta Dental of Iowa) that provides dental and limited medically necessary orthodontia to eligible children. Federal law allows children with other health or dental coverage to be enrolled in the **hawk-i** Dental-only plan. If the child has other health or dental coverage the **hawk-i** Dental-only plan is a secondary payer.

The **hawk-i** Dental-Only plan provides insurance cards that are presented to the provider when obtaining services and the plans process all claims. Orthodontia services are limited to medically necessary services and must be approved prior to services being rendered. The dental plan processes all claims.

Monthly premiums are charged based on family income as follows:

- 150% and 200% FPL = \$5 per child/\$10 maximum per family
- 201% and 250% FPL = \$10 per child/\$15 maximum per family
- 251% and 300% FPL = \$15 per child/ \$20 maximum per family

Note: No premiums are assessed for the **hawk-i** program or **hawk-i** Dental-only plan if family income is below 150% of the Federal poverty level or to Native American and Alaskan Native children (per Federal law).

Covering Eligible Children

A combination of CHIPRA, the Affordable Healthcare Act and Iowa's Senate File 389 has expanded CHIP enrollment and benefits. The following program strategies have been or will be implemented:

- Effective July 1, 2009, income limits were increased for Medicaid expansion infants and **hawk-i** children (ages 1 through 18) from 200% to 300% FPL. As of June 30, 2010, an additional 4,206 children have been enrolled in **hawk-i** due to this expansion. Iowa Code §514I.4 (5)(b)(2).
- Effective March 1, 2010, the **hawk-i** Dental-only plan was implemented to provide dental coverage to children with family income up to 300% of the FPL. As of June 30, 2010, 2,144 children were enrolled. Iowa Code §514I.5 (9)(b).
- To streamline eligibility effective March 1, 2010, children can be determined presumptively eligible for Medicaid covered services by authorized Qualified Entities. Qualified Entities process presumptive applications to establish income eligibility, citizenship status, previous presumptive eligibility periods, age and Iowa residency. If the child is determined presumptively eligible the child will be enrolled in Medicaid until a formal eligibility determination is made. Depending on the level of declared family income presumptive eligibility is funded with either Title XXI or Title XIX funding. Iowa Code §514I.5 (8)(f).

In addition to the strategies listed above, the Governor and the State Legislature have set goals for covering all currently eligible children who are not enrolled. Studies show that on average a person must be exposed to a message seven times from multiple sources before taking action. Accordingly and as directed by legislation, the Department has implemented outreach approaches to educate families about the program and identify and enroll eligible children:

- Grassroots community-level outreach conducted through a contractual arrangement with the Iowa Department of Public Health (IDPH) is the bedrock of the Department's strategy to identify and enroll eligible children. IDPH subcontracts this activity with their Title V agencies

to tailor outreach strategies that, at a minimum, include working with schools, medical providers, the business community and faith-based organizations.

- The legislature appropriated \$256,650 in SFY 2010 for media outreach. The Department contracted with ZLR Ignition to conduct a media campaign to promote **hawk-i** and Medicaid. Numerous mediums including television, radio, billboards, newspapers, print ads, gas pump toppers and transit bus advertisements were used to reach Iowans at home or on the road.
- In addition, outreach through the Free and Reduced Meal Program, completed in partnership with the Department of Education, resulted in 379 applications submitted in SFY 2010. Iowa Code§514I.5(7)(d).
- The Iowa tax return project with the Department of Revenue produced 491 applications for **hawk-i** (health and dental) and 6 applications for Dental-Only supplemental coverage plan in SFY 2010. Iowa Code§514I.5 (7)(d).

Quality Review

The Department contracts with the Iowa Foundation for Medical Care (IFMC) to conduct encounter data analysis, a functional health assessment of children in the program, medical records reviews, health and dental outcome measurements and quarterly provider geo-mapping analysis. These functions are all used to measure the impact of the program on children, ensure the availability of quality health care providers, and ensure that children are receiving appropriate care according to clinical guidelines. The **hawk-i** comparative analysis Health Assessment Survey October 2009 prepared by IFMC reports and summarizes differences in family responses before and after their child's enrollment in the **hawk-i** program. Following is an example of the family responses:

- Family worries about the ability to pay for health care was reduced significantly (50.3 percent worried "a great deal" before vs. 19.3 percent after),
- Children were less likely to be delayed in getting dental care (17.8 percent before vs. 3.4 percent after).

Administrative Support

The following administrative supports are provided for this offer:

- Corporate Oversight
- Communication- State/Federal relations, legislative inquiries, media contacts
- Program support - policy development and implementation, administrative rules, and employee manual CHIP State Plan, Iowa Code
- Management information systems - automated eligibility and benefit determination, benefit issuance, information storage, reporting and technical support for computer equipment
- Training and technical assistance related to policies, procedures and management information systems
- Financial Accountability – budget, accounting, federal/state reporting, cost allocation, audit coordination and resolution
- Contract management - health and dental plans
- Compliance with Accountable Government Act provisions and CHIPRA reauthorization bill of 2009 and the Affordable Healthcare Act of 2010
- Quality control, quality assurance, research and program improvement

Results Achieved:

Enrollment in the Medicaid expansion, *hawk-i* health and dental programs and *hawk-i* Dental-only plan is anticipated to experience steady growth. It is anticipated that as health and dental insurance costs continue to rise in the private market more families will rely on public assistance programs for health and dental coverage.

As indicated in the health and dental outcome measurement results below, children enrolled in the *hawk-i* health and dental programs are receiving quality services.

Result:	SFY 2010 Actual	SFY 2011 Projected	SFY 2012 Offer Projected
Enrollment:*			
Medicaid Expansion	15,153	15,355	16,119
<i>hawk-i</i> Program	27,573	30,333	33,369
Dental-only plan	2,144	5,744	9,644
Total Enrollment	44,870 *	51,432	59,132
Percentage Growth In Enrollment	<i>SFY 2009 to 2010</i> >23%	<i>SFY 2010 to 2011</i> >15%	<i>SFY 2011 to 2012</i> >16%
Outcomes of Care for Children **			
Proportion of children with access to a primary care provider.	93.2	95.2	97.2
Proportion of children with asthma where appropriate medications are used.	91.7	93.7	95.7
Proportion of children with an annual dental visit.	70.2	72.2	74.2
Proportion of children who received a well-child examination at 3, 4, 5, and 6 years of age.	56.1	58.1	60.1
<p>* The number of children retroactively enrolled in the <i>hawk-i</i> program in June 2010 is not available until September 2010. An estimated 250 cases have been added to the reported June 2010 enrollment number for retroactivity.</p> <p>** The measures reported were adapted from the 2007 Healthcare Effectiveness Data and Information Set (HEDIS) by Iowa Foundation for Medical Care (IFMC) annually. The HEDIS outcome measures were determined through an analysis of health and dental plans claim encounters and eligibility data. An analysis of care for children enrolled in the <i>hawk-i</i> program during FFY 2008 (October 1, 2007, through September 30, 2008) were reported October 2009. Actual HEDIS data cannot be utilized until claims data has been finalized and that is generally 18 months following the fiscal year.</p>			

Impact of Proposed Budget on Results:

Current Results:

The offer maintains the current eligibility levels and covered services for recipients of Medicaid Expansion, *hawk-i* and *hawk-i* Dental-only plan. The offer addresses projected growth in enrollment

in the program due to economic conditions, as well as changes in utilization patterns and costs. The offer assumes a continuation of current statute and regulation.

This offer results in an increase in General Fund need of \$1,309,099 for SFY 2012. The detail for the increase is as follows:

- \$1,336,457 to maintain the **hawk-i** program serving children from 133 - 300% of FPL at the SFY 2011 ending enrollment of 30,333 children, including those children enrolled as the result of implementing the following provisions of 2009 Iowa Acts, SF 389, in SFY 2010; covering children up to 300% of FPL; covering legal permanent resident children and presumptively eligible children. No additional children can be added at this level of funding.
- \$1,336,194 to allow growth in the **hawk-i** program serving children from 133 to 300% of FPL. Allow growth in SFY 2012 from 30,333 children to a year end enrollment of 33,369 children (an increase of 3,036 children with growth staggered over 12 months). This package would also allow growth in **hawk-i** Dental-only coverage from the SFY 2011 year end enrollment level of 5,744 to a SFY 2012 year end enrollment level of 9,644 children.
- (\$1,400,000) offset to general fund needed due to an estimated **hawk-i** trust fund carry forward from SFY 2011.
- \$36,448 for Field Operations to maintain the current level of services for new cases in order to timely and accurately determine eligibility for the Medical offer with the same caseload as SFY 2011.

Legal Requirements:

Federal:

Title XXI of the Federal Social Security Act provides states with options to design programs to provide health care coverage to targeted low-income, uninsured children and Dental-only plan to insured children. The Affordable Health Care Act, signed into law on March 23, 2010, continues CHIP (Title XXI) programs through September 30, 2019. The new law prohibits states from reducing their current eligibility standards until this date. Under CHIPRA, funding for the program is provided through September 30, 2015, two years beyond its original expiration date.

State:

Chapter 514I of the Code of Iowa mandates the Department of Human Services to have a CHIP program. 2009 Iowa Acts, SF 389 amended Chapter 514I in a number of ways to increase health and dental care coverage for uninsured Iowa children.